

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

227
UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

February 14, 1925

F.S.
A-6

FOREIGN NEWS ON APPLES

GOTHENBURG AS A MARKET FOR AMERICAN APPLES

The Gothenburg fruit market is influenced to a smaller degree by British and German interests than is the case with Copenhagen. Gothenburg is the most northerly of the important European apple markets, and while of a smaller population than Stockholm, is more important than the Swedish capital commercially.

While some buying is done in German and British markets and sometimes in Copenhagen, there is far less dependence upon secondary sources for American apples than is observed in the latter city. The Scandinavian-American Line and the Swedish-American Line ships call about every ten days at Gothenburg, providing a regular supply from New York. During 1923 Sweden imported, largely through the port of Gothenburg, 179,274 boxes and 78,768 barrels, or a total equivalent of 138,526 barrels of American apples, practically all of them for Swedish consumption. Good transportation and a scarcity of European fruit on local markets have made Sweden the leading Scandinavian consumer of American apples. The practice of buying direct from America is popular in Sweden, and becoming more so in Denmark and Norway, principally because importers can get more regular supplies from that source than was formerly possible, and because goods reshipped from Great Britain or Germany suffer more or less damage from breakage and pilferage. Purchases in the latter markets are usually made to fill out periods of short supply, and while such purchases are frequently cheaper than are those made direct, preference continues to be given buying in New York.

Apple Business on an F.O.B. Basis.

As we enter Sweden through Gothenburg an entirely new departure is encountered in the distribution of American apples, as far as the European situation is concerned. In all of Sweden and Norway, distribution resembles that in America more than in any other European country. Practically no American apples are shipped on consignment to Norway or to Sweden but are bought on a firm order basis. Most of them are sold to the importers on an f.o.b. New York basis, cash against documents, Gothenburg. Owing to the fact that the ships of the two lines named above do not call in Gothenburg's Free Port, and that apples discharged at Gothenburg are for Swedish consumption, the Free Port facilities are used practically not at all for our fruits. Exception is made to this statement with respect to storage for local merchants.

The feature of closest resemblance to American practice is the representation of the shipper by a local broker or agent who has the quotations of his shipper and canvasses the Gothenburg buying trade, books the order and refers it to the shipper. The Gothenburg importer in looking for supplies, instead of cabling a number of American shippers, phones the Gothenburg agents, gets their quotations and places the order in the most advantageous quarter.

When an order is booked by the American shipper, shipment is made direct to the Gothenburg buyer and documents are sent to a Gothenburg bank against the buyer. The agent renders a bill against the shipper for his services.

When the shipment arrives in Gothenburg the buyer takes up the documents at his bank or, in case they arrive after the shipment, gives a bank guarantee for their payment, pays the freight and costs from New York and accepts the shipment. The buyer is not allowed inspection before lifting the documents. In case the fruit does not meet the specifications of the order the buyer takes up his grievance with the Gothenburg agent. When a declining market breaks against him the buyer may refuse to take up the documents at his bank if the order is not filled on the ship specified. This emphasises the importance of being in a position to fill orders with shipment at the exact time specified. The buyer is not allowed to be "technical" on condition of fruit since inspection on arrival is not allowed.

Reasons for Norway and Sweden's Distinctiveness.

The relatively small amounts of Spanish oranges that have been imported into these countries coupled with the preference for the Italian citrus fruit, have not developed auction distribution of fruits in times past. This has caused the importation of exotic fruits to be handled by the same factors that have brought in Colonial products (Coffee, Tea, Dates, Cocoa, Spices, etc.).

By the influence of competition between the actual importers and distributors and the agents of the colonial shippers, there has come about both a national and local organization of importers and agents. Gothenburg's "Fruktagentforening", (Fruit Agent's Association), "Fruktengrossistforening", (Fruit Wholesalers' Association), and "Frukthandlareforening" (Fruit Dealers' Association) represent the strictest forms of these organizations.

In short the agents agree not to canvass the small wholesale buyers of Sweden to whom the importers redistribute their importations and the importers agree that all direct importations from America will be secured through the agents. The organizations serve other purposes more important, among which are the settling of arbitrations. In case an importer defaults on an order, or refuses to take up documents, the whole matter is placed before the agents and the importer is placed on the black list. An agent having an unreliable shipper is placed in an equally embarrassing position by the Importers' Organization.

Conditions that Limit the American Sources.

A comparatively small number of American shippers supply the Swedish market. While the number of apple shippers is legion, but few have made financial arrangements to pay the inland American freight so as to quote f.o.b. New York, cash against documents, Gothenburg, or Stockholm. Further, very few shippers are acquainted with the overseas agents to a sufficient degree to leave the rating and responsibility of foreign buyers in their hands. Indeed, it is very necessary for the shipper to have a good knowledge of his agent because this representative must be very discerning as to whom he books orders for.

Facilities in Gothenburg.

The fruit trade in this city is not localized in the same manner that it is in most cities. The importers have premises somewhat scattered. The small wholesale fruit merchants also have scattered places of business but meet in a common court for market purposes.

Imported fruit is removed directly from the quay to the premises of the importers and reshipped to the wholesale trade. For term storage it is moved either to cold storage or to the storage provided by Gothenburg's Free Port.

Storage.

Charges for cold storage, wherein temperatures are held at 2°C, are 3 øre per kilo per month on large parcels and 5 øre per kil on small parcels. This would amount to about 18¢ per box per month, or about 57¢ per barrel.

In a new warehouse constructed by the city in the Free Port the basement is devoted to fruit storage. During normal winters the temperature in these premises might be suitable for apple storage but at the time of this visit they were decidedly too high. The building should also have better ventilating facilities for good common storage conditions though it undoubtedly would be immune from frost dangers. Charges for storage in this building are 40 øre per 100 kilo for 30 days. This would amount to about 2.4¢ per box for 30 days or about 7.5¢ per barrel.

Import Duties.

The duty on pears and apples entering Sweden is about 1.2¢ per pound. On oranges the duty is about 2.1¢ per pound; on grapes about 12.4¢ per pound; and on raisin and other dried fruits, about 6.3¢ per pound. Bananas enter duty free. The extremely high duty on grapes has reduced their importation to about 10% of what it would normally amount to.

Demand and Competition.

Our first competition arises with the Swedish apples which come upon the market from late summer to early winter. By January 1st they are mostly out of the way. Apples from the Tyrol are the next most serious competitors and stay on the market till the middle of the winter. However, preference is given to American apples and so we do not find the serious competition here that is offered in Denmark, especially since the fruit from Czecho-Slovakia and Holland is not sent into Sweden on consignment in the same volume that it rolls into Copenhagen.

Differing from Denmark and Norway, Sweden uses a greater total volume of American barreled apples than boxed apples. One importer stated that Gothenburg especially was a heavy user of barrels and that he would order 500 to 1,500 barrels when he ordered only 300 to 500 boxes. Of the barreled apples the Ben Davis is very popular. This same importer would use 1,000 barrels of Ben Davis to 100 barrels of Winesaps. In boxed apples the red varieties were by far the most in demand.

Most of the apples in Sweden are retailed by weight and for this reason, as well as for the better carrying qualities, the smaller apples are in greatest demand. Popular sizes in barrels are 2-1/4" to 2-1/2" and not larger than 1 1/2" in boxes.

One feature that is seriously stressed by importers is the necessity of having uniform sizes of fruit in the barrels. The severe test placed upon apples being transported to Sweden and the demands upon the carrying qualities of the apples after they are discharged from the ships make it very difficult to handle apples that are marked "minimum size 2-1/4" when most of the apples open up running from 2-3/4" to 3-1/4" with most of the larger sizes showing weakness or deterioration.

Edwin Smith,
Specialist in Foreign Marketing.

Note: The names of importers and agents at Gothenburg may be had upon request from the office of the Foreign Section, Bureau of Agricultural Economics, Washington, D. C.

